



County of Los Angeles CHIEF EXECUTIVE OFFICE

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SACHI A. HAMAI
Chief Executive Officer

July 2, 2020

To: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

From: Sachi A. Hamai 
Chief Executive Officer

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Third District

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EXPANDING THE POOL OF MASTER-LEASED MOTELS FOR INTERIM AND SUPPORTIVE HOUSING THROUGH A CAPITAL IMPROVEMENT PROGRAM (ITEM NUMBER 6, AGENDA OF JUNE 18, 2019 AND ITEM NUMBER 13, AGENDA OF FEBRUARY 11, 2020)

On June 18, 2019 and February 11, 2020, the Board of Supervisors (Board) adopted motions directing the Chief Executive Office Homeless Initiative (CEO-HI) in collaboration with various County departments and stakeholders to explore the feasibility of expanding interim housing through motel master lease agreements.

June 18, 2019 Motion

On June 18, 2019, the Board directed the CEO-HI, in collaboration with the Los Angeles Homeless Services Authority (LAHSA), Los Angeles County Development Authority (LACDA), Departments of Mental Health (DMH) and Health Services (DHS), and other stakeholders, to report back on a plan to: (a) identify at least one motel in each service planning area (SPA) with which the County can enter into master lease agreements to shelter homeless individuals; and (b) evaluate the feasibility of turning the motel parking lots into "Safe Parking." In addition, the Board directed that the plan include an evaluation of the cost of outreach workers, security, and services at each site.

On July 12, 2019, the CEO provided the Board with an interim report with the recommended actions to develop a plan to achieve the Board's directives. On September 25, 2019, the CEO-HI provided the Board with a second report that included a process to identify at least one motel in each service planning area with which to enter into a master lease agreement, cost-benefit analysis of using motels as interim housing and safe parking for chronically homeless individuals, and next steps.

February 11, 2020 Motion

On February 11, 2020, the Board directed the CEO-HI, in coordination with LAHSA and any other relevant Los Angeles County departments, to: (1) create a Capital Improvement Program for Interim and Supportive Housing at Motels to fund habitability and deferred maintenance improvements, contingent upon the motel owner's commitment to master-lease units for the provision of interim or supportive housing; and (2) develop guidelines and funding recommendations for the Program, to be submitted as a memo to the Board of Supervisors for potential adoption thereafter. Additionally, the motion indicated that a portion of the \$3 million previously allocated to support the master leasing of motels for interim or supportive housing (as described in the June 18, 2019 motion above) could be utilized to operationalize the Capital Improvement Program.

COVID-19 Impact on Homeless Services Delivery System

The CEO, County departments, and LAHSA were working on responses to both motions, however, prior to completion of this work, the County – and the world – was struck by a global pandemic, that impacted every aspect of the homeless services system and the resources available to support it. Considering the CEO-HI's need to urgently focus on the COVID-19 response for people experiencing homelessness (PEH) and the changing environment relative to the motions, Supervisorial Districts 2 and 4 (authors of the motions) approved a combined response to the two motions.

As a result of reduced revenue generated by Measure H due to decreased consumer spending during the pandemic, the \$3 million originally allocated for master leasing motels, and identified as a funding source for the Capital Improvement Program is no longer available. Therefore, given the lack of available funds, implementation of the directives from both motions is no longer feasible.

Increasing Supply of Motels/Hotels for PEH

However, despite this setback, CEO-HI believes that the collaboration between the State, County, and LAHSA on Project Roomkey may assist in achieving the ultimate goal of the directives, which aim to increase the supply of motels available for master-leasing for interim or supportive housing for PEH. Through Project Roomkey, 35 motels and hotels have entered into occupancy agreements with the County or other jurisdictions within the County. These motels and hotels are currently providing interim housing to more than 3,800 vulnerable, homeless individuals who are 65 or older or who have underlying health issues that make them susceptible to complications from COVID-19 should they become infected.

In partnership with the State, the County reached out to more than 700 hotel owners through this initiative. Both among the hotels that agreed to participate in PRK, and among those who declined or were not a good fit for the program, the CEO believes there are opportunities to build upon relationships formed in the outreach process to identify property owners interested in master-leasing their hotels for use as interim housing.

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Moreover, several owners of hotels currently involved in PRK have already indicated their interest in potentially executing longer-term leases and/or in selling their properties to be used as interim or supportive housing. In fact, under the adopted Fiscal Year 2020-21 State Budget, the State will use \$550 million to acquire properties for permanent supportive housing, including the purchase of some hotels and motels that are leased through PRK.

Conclusion

CEO-HI and CEO-Asset Management intend to work closely with LAHSA, LACDA and County departments to further engage interested motel and hotel owners in opportunities to master lease or purchase their properties. Given that implementation of directives from both motions are no longer feasible, and our intention to maximize the master leasing and purchasing of motels and hotels for PEH, there will be no additional reports submitted in response to these motions.

If you have any questions, please contact Phil Ansell, Homeless Initiative Director, at (213) 974-1752 or pansell@ceo.lacounty.gov.

SAH:FAD:TJM
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c: Executive Office, Board of Supervisors
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Los Angeles Community Development Authority
Los Angeles Homeless Services Authority